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APPENDIX C

FACILITIES AND ARRANGEMENTS OF THE
UNITED STATES GOVERNMENT FOR THE
PRODUCTION OF FOREIGN ECONOMIC INTELLI-
GENCE RELATED TO THE NATIONAL SECURITY

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gence Related to the National Security

As demonstrated by the report of the Hoover Commission, nearly every agency of the Government is affected to some degree by the foreign affairs of the United States. Depending on their responsibilities and the nature of a given problem, each agency has a need for some information concerning the economic situation abroad. As a result of a survey conducted by the Central Intelligence Agency in compliance with NSC Action 282, it has been determined that twenty-four departments and agencies of the Government have sufficient need for such information to collect and analyze substantial amounts of information concerning economic matters having a bearing on the national security. These agencies are listed below. In some cases subordinate components of departments are listed separately because of the direct bearing of their work on national security problems.

Agriculture, Department of
Air Force, Department of
Army, Department of
Central Intelligence Agency
Civil Aeronautics Board
Commerce, Department of

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Defense, Department of*
Economic Cooperation Administration
Export-Import Bank
Federal Communications Commission
Federal Reserve System
Federal Security Agency
Federal Trade Commission
Interior, Department of
Justice, Department of
Labor, Department of
Munitions Board
National Advisory Committee for Aeronautics
National Academy of Sciences
Navy, Department of
Reconstruction Finance Corporation
State, Department of
Tariff Commission
Treasury, Department of

Coverage by these departments and agencies is not uniform with respect to either the area or the subjects covered. Some agencies are interested in a narrow field throughout the world, others cover a wide range of subjects

* The Department of Defense has facilities for collecting and analyzing foreign economic data not included in the Munitions Board or the Departments of Army, Navy, and Air Force.

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in limited areas. Because of this diversity of interest and coverage, there are important gaps in the coverage and a certain amount of duplication exists. Varying standards for security clearance also hamper the coordination of the activities of these agencies.

In spite of the gaps and duplication, considerable progress has been made toward rationalizing the production of foreign economic intelligence related to the national security. The delineation of policy and executive responsibilities of the various agencies accomplishes this in part as policy matters are coordinated. This in turn has a beneficial effect on division of labor with regard to the collection and analysis of data.

The Central Intelligence Agency has also organized an Office of Research and Reports to conduct basic research in a number of economic fields affecting the national security with special emphasis on authoritative basic research into the economy of the Soviet orbit. One of the primary aims of this activity is to draw together the best information and talent available in the Government and elsewhere in a combined effort to solve priority intelligence problems in the economic field. While still in its early stages, action recommended elsewhere in this report should assist this activity to make substantial progress in establishing a coordinated effort to produce high-quality intelligence, fill gaps in knowledge, and eliminate undesirable duplication.

The system now employed for the production of National Intelligence Estimates is designed to coordinate the formulation of intelligence estimates for use at the national policy-making level. These estimates,

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on occasion, cover economic subjects of importance to national security or integrate economic factors into the consideration of broader problems. The National Intelligence Estimate system coordinates the analysis of the Departments of State, Army, Navy, and Air Force, and the Central Intelligence Agency. On occasion other agencies also participate in the preparation of estimates.

The Central Intelligence Agency is also coordinating the production of a series of National Intelligence Surveys designed to draw together in encyclopedic form basic data on various areas of the world. The surveys include an economic chapter and several other sections that have a bearing on the economies of the area studied. The various sections of the Surveys are produced by those agencies of the Government with the greatest capabilities. In this manner many components of the Government outside of the intelligence community participate in the production of the Surveys. While the surveys themselves have no direct bearing on priority national security problems in the economic field, they serve as a useful device to organize all the basic information available and develop knowledge in the participating agencies that can be used in the production of priority studies on economic matters.

While all of the agencies listed above collect and analyze economic data, many of them receive the bulk of their information through the facilities of others. The Foreign Service of the United States, the Central Intelligence Agency, and the Attaché system of the armed forces are the primary systematic suppliers of information, although other agencies receive important data through missions and other contacts with foreign areas.

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During 1950 the Bureau of the Budget conducted a survey of economic reporting by the Foreign Service of the United States and made substantial recommendations for improving its reporting services and relating them more directly to the Government's requirements for economic information affecting the national security. Implementation of the recommendations made by the Bureau of the Budget should improve the pertinence and timeliness of the economic information flowing into the Government through this medium.

With respect to the analysis of foreign economic data, the following agencies have the most important facilities for producing studies on economic problems related to the national security. In some cases, the other agencies conduct a great deal of economic analysis but its focus is not primarily on national security problems.

Agriculture, Department of

The Office of Foreign Agricultural Relations studies and reports on agriculture and related developments in foreign countries.

Air Force, Department of

The Air Targets Division of the Directorate of Intelligence is devoted to the detailed study of individual plants and facilities and target systems in the USSR and other high priority areas from the standpoint of target selection.

Central Intelligence Agency

The Office of Research and Reports is engaged in basic research on various high priority economic problems with special emphasis on the economy of the Soviet Orbit, and is attempting to coordinate the work of other important producers through the National Intelligence

Commerce, Department of

The various components of the Department of Commerce analyze a great number of economic factors mainly from the standpoint of United States commercial interests. Important parts of this work can be related directly to National Security problems.

Economic Cooperation Administration

ECA conducts broad studies of the economic and financial structure and foreign trade of those countries to which the United States is extending aid. The purpose of these studies is to guide the nature of our aid and examine its effectiveness.

State, Department of

The Office of Intelligence Research and the Office of the Assistant Secretary for Economic Affairs conduct broad studies of foreign economic situations throughout the world as they relate to the policies of the United States.

Treasury, Department of

In addition to economic information collected and analyzed in connection with its regulating functions directly related to the national security, the Treasury Department also conducts broad studies in the field of international trade and finance.

In addition to the activities mentioned above, the Office of Naval Intelligence, Office of the Assistant Chief of Staff, G-2, of the Army, and the Directorate of Intelligence of the Air Force conduct studies of economic factors affecting the production of military materiel and other items directly affecting the national security.

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In the course of its survey, the Central Intelligence Agency has collected detailed information on the personnel strength, activities, and arrangements of the various departments and agencies relating to the production of economic intelligence. This information is available in the files of the Office of Research and Reports of the Central Intelligence Agency.

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